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ABSTRACT

The Workforce Investment Act (WIA) of 1998 requires that workforce investment areas establish individual training accounts (ITAs) that provide vouchers customers can use to pay for training. The United States Department of Labor is supporting the ITA experiment, during which new customers determined to be eligible for training will be randomly assigned to one of the three ITA approaches. All eligible customers will receive some type of ITA offer, and the same three approaches will be tested in all six states (Arizona, Connecticut, Florida, Georgia, Illinois, North Carolina) participating in the experiment. A team of research contractors will evaluate the ITA experiment in a two-part evaluation that will include process analysis and impact and return-on-investment analysis. The three approaches to delivering ITAs that will be tested are as follows: (1) structured customer choice (counselors will direct customers and WIA resources to training programs through which earnings on the new job will be high relative to the investment in training and will reject training selections not expected to yield high); (2) guided customer choice (customers will receive a fixed ITA amount much lower than the approach 1 cap but will have more training options); and (3) maximum customer choice (a true voucher approach in which customers are offered a lump sum and allowed to choose any state-approved training option). (MN)

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CUSTOMER CHOICE OR BUSINESS AS USUAL?: PROMOTING INNOVATION IN THE DESIGN OF WIA TRAINING PROGRAMS THROUGH THE INDIVIDUAL TRAINING ACCOUNT EXPERIMENT

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The Workforce Investment Act (WIA) of 1998 is bringing about substantial changes in the way training and other employment services are provided to U.S. Department of Labor (USDOL) customers. A key WIA element is the requirement that workforce investment areas establish Individual Training Accounts (ITAs), which provide vouchers that customers can use to pay for training. ITAs are intended to transform the delivery of services to adults and dislocated workers by ensuring that customers can choose the training they need. At the same time, WIA gives states and local areas a great deal of flexibility in (1) setting the value of ITAs to maximize customer access to training and (2) deciding how much guidance and direction they provide to customers as they formulate their training decisions. Given the flexibility provided by WIA, state and local officials must decide how to administer ITAs most effectively to their customers.

This paper presents the design for the ITA Experiment, which is being implemented in six sites with support from USDOL.[1] It describes the approaches to be tested, the principal motivations for selecting these approaches, and the policy questions that will be addressed by the experiment's results. In particular, the ITA Experiment should help guide future training policy by rigorously testing alternative ITA approaches with the potential to lead to different training choices, employment and earnings outcomes, returns on investment, and customer satisfaction. Findings from the experiment will establish which ITA approaches work best under different circumstances and thus provide federal, state, and local program managers with the evidence needed to design programs that offer enhanced customer choice and flexibility as mandated by WIA.

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[1]This paper represents a summary of the design for the ITA Experiment and its evaluation; for a more detailed presentation, see Perez-Johnson et al. (September 2000). The Employment and Training Administration announced the six awardees for the experiment in April 2001. They include four LWIBs and two consortia: (1) the Workforce Board of Northern Cook County in Illinois; (2) the Charlotte-Mechkleburg Workforce Development Board, Inc., in North Carolina; (3) The Workplace, Inc., in southwestern Connecticut; (4) First Coast Development, Inc., in Florida; (5) the Atlanta Regional Commission and the Northeast Regional Development Center, in Georgia; and (6) the City of Phoenix and the Maricopa County Human Services Workforce Development Division, in Arizona. At present, intake for the experiment is expected to begin in one pilot site on September, 2001, and by January, 2002 at the other sites.

A. POLICY CONTEXT FOR THE ITA EXPERIMENT

WIA is intended to reform the workforce development system by putting the needs of customers before programmatic and administrative needs. Thus, WIA emphasizes providing customer choice and streamlining workforce development programs so that the customer does not have to deal with programmatic distinctions.

WIA consists of several distinct titles. Title I, which governs the operations of workforce investment systems, is the relevant title for the ITA Experiment. The employment and training programs authorized under this title represent the successors of programs operated under the Job Training Partnership Act (JTPA) and include those that serve adults, dislocated workers, low-income youth, and specially targeted groups, including Native Americans and migrant and seasonal farmworkers. USDOL directly administers programs for Native Americans and farmworkers, as well as the Job Corps program for disadvantaged youths, through grants or contracts with local programs. The programs for adults and dislocated workers and other programs for low-income youths are governed by local workforce investment boards (LWIBs) and are overseen by the states.

Services Provided to Adults and Dislocated Workers. The goal of WIA Title I is to provide workforce investment activities that increase the employment, retention, earnings, and occupational skills of customers and, as a result, improve the quality of the workforce, reduce welfare dependency, and enhance the productivity and competitiveness of the nation. Consistent with these goals, WIA Title I programs provide a wide range of services designed to help adults and dislocated workers obtain employment and increase their skills.

WIA divides workforce development services for these groups into three categories:

- ***Core services*** include basic services intended to assist individuals in obtaining and retaining employment. They include, for example, initial assessment, job search and placement assistance, job vacancy listings, career information, and post-employment follow-up. All adults (individuals older than age 18) and dislocated workers can receive core services. Individuals can receive self-service and informational services that are

part of core services without registering for WIA. However, staff-assisted core services require registration. Core services are to be provided through the One-Stop system and must be available in at least one location in each local area.

- ***Intensive services*** include comprehensive and specialized assessment to determine skill level and service needs, development of an Individual Employment Plan (IEP), group and individual counseling, case management, and short-term pre-vocational services. Intensive services must also be provided through the One-Stop system, either directly by the One-Stop centers or through contracts with service providers. However, only people who have ben unable to meet their employment objectives through core services will generally be able to participate, with priority given to public assistance recipients and other low-income individuals.

- ***Training services*** include primarily occupational and work-readiness training, including vocational classroom training, on-the-job training, customized training for specific employers, skills upgrading and retraining, and entrepreneurial training. In accordance with the model of sequential eligibility and a hierarchy of service tiers, training services are available only to those who have undertaken intensive services and still fail to meet their employment goals. WIA requires that training be provided through a voucher system. That is, local workforce investment areas are required to use ITAs to provide training, except in some limited circumstances.[2]

Although WIA lists activities in each of these service categories, there is considerable ambiguity about the classification of some services.[3] As a result, USDOL has allowed states considerable flexibility in how they classify the services they make available to local customers.

The Role of Individual Training Accounts. ITAs are intended to transform the delivery of training services to adults and dislocated workers by ensuring that customers can choose their training providers. These accounts are to be the primary means of funding training activities to eligible adults and dislocated workers. As mentioned above, there are only limited exceptions under

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[2]WIA allows the following exceptions. First, on-the-job training and customized training can be provided through contracts with employers rather than funded through ITAs. Second, local areas can contract with community-based organizations and other entities to provide programs of demonstrated effectiveness to populations with multiple barriers to employment. Third, LWIBs can contract for training services if there are too few providers in the area to fulfill the intent of ITAs.

[3]For example, career counseling is listed as a core service, whereas career planning and both group and individual counseling are listed as intensive services. Similarly, short-term pre-vocational services are classified as an intensive service, but job readiness training is listed as a training service. The principal difference between these services is the duration and intensity of the services.

which local areas can provide training through contracts with providers that the local area, rather than the customer, selects. Even under these exceptions, the local board is responsible for ensuring that training services are provided in a manner that *maximizes customer choice.*

ITAs should enable individuals to purchase training from any eligible provider. Furthermore, although the local area is responsible for identifying eligible providers, the customer can use any eligible provider in the state. However, the WIA regulations explicitly allow states and local areas to restrict the type or duration of training that they will fund. For example, the legislation makes clear that training can only be funded for positions that relate to job opportunities in the local area, or to a broader geographic area if the customer is willing to relocate. Similarly, states and local areas can impose limits on the duration or costs of training. These limits can either be based on individual circumstances or established across the board.

B. OVERVIEW OF THE ITA EXPERIMENT

The ITA Experiment will test three approaches for delivering ITAs. These three approaches differ widely with respect to both the resources made available to customers to help them access training and the involvement of local counselors in guiding customer choice. The three approaches range from a highly structured approach, in which customers are offered only high-return training options, to a true voucher approach, in which customers are offered a lump-sum and allowed to choose any state-approved training option.

The ITA approaches will be tested using an experimental design. That is, new customers determined to be eligible for training will be randomly assigned to one of the three ITA approaches. The customers will then be directed to participate in the activities of the ITA approach to which they are randomly assigned. Importantly, all eligible customers will receive some type of ITA offer--that is, there will be no "control group" of customers who are denied ITAs--and the same three

approaches will be tested in the six sites participating in the experiment. Random assignment will ensure that the customers assigned to the three ITA approaches have the same characteristics, on average. Hence, any differences between the approaches in terms of the experiences of customers or their outcomes can be attributed to the approaches themselves.

The ITA Experiment will be evaluated by a team of research contractors, which is being led by Mathematica Policy Research, Inc. (MPR) and includes Social Policy Research Associates and Decision Information Resources, Inc. The evaluation includes two parts:

- ***Process Analysis.*** The first component will be an analysis of the implementation and operation of the three ITA approaches in each of the experimental sites. The process analysis will be based primarily on data collected during three rounds of visits to the sites participating in the experiment. These visits will be guided by structured data collection and reporting documents that will ensure the information needed to answer key research questions is collected from all sites. We will also explore implementation issues from various perspectives, including those of state and local administrators, staff, customers, and providers. Examining the same issues from multiple perspectives will allow us to confirm important facts and to learn about how policies and practices are perceived or acted on by different actors in the system.

- ***Impact and Return-on-Investment Analysis.*** The second component of the evaluation will include an analysis of the relative impacts and return-on-investments of the ITA approaches. Random assignment will allow us to use differences in outcomes across the approaches as the basis for our impact estimates. We also plan to synthesize the findings from the impact analysis and the process analysis to better understand the outcomes generated by the ITA approaches and to identify the most effective components of the approaches. Our analysis of returns-on-investment will tie the impact estimates together with cost estimates to evaluate which ITA approaches generate the highest returns on investment.

Need for the ITA Experiment. The ITA approaches were designed following extensive research conducted by USDOL and the team of research contractors evaluating the experiment. This research included discussions with key stakeholders and visits to several sites that were already operating some type of training voucher programs. In particular, the discussions with administrators and staff in localities with relatively high levels of experience with training vouchers helped ascertain the feasibility of and their potential interest in our proposed ITA approaches.

MPR staff visited One-Stop centers in Phoenix, Arizona; Baltimore, Maryland; Lowell, Massachusetts; Marlette, Michigan; and Killeen, Texas. These localities were selected principally because of their experience with training vouchers. All of them, except Michigan, had participated in the Career Management Account (CMA) project, a training demonstration for JTPA Title III participants sponsored by USDOL. Michigan had been operating a voucher program for all of its JTPA customers since 1996. The information from these visits was supplemented with information from (1) a review of findings from the evaluation of the CMA demonstration (Employment and Training Administration, 1999) and (2) site visits to two WIA early implementation states (Pennsylvania and Texas) conducted by staff from Social Policy Research Associates.

The information gathered through this research was used to design three ITA approaches that are (1) consistent with WIA, (2) have the potential for generating different training choices and outcomes, and (3) are both feasible and likely to be of interest to sites implementing WIA. The findings from the ITA Experiment should therefore provide state and local administrators with information on the relative effects of different ITA delivery approaches and assist them in determining which approach is most appropriate for their customers. Providing this information is important because (1) states and localities have had limited experience with training voucher systems, (2) many states and localities are reluctant to implement, on their own, voucher systems that provide substantial customer choice, and (3) different systems could lead to large differences in training choices, employment and earnings, return on training investments, and customer satisfaction. It was clear from our discussions with state and local administrators that the information provided by the ITA Experiment would be highly valued.

C. THE ITA APPROACHES

The approaches to be tested in the ITA Experiment vary on three characteristics related to the management of customer choice: (1) the method used to determine each customer's ITA spending, (2) the ability of local counselors to guide or limit the choice of training providers made by customers, and (3) the type of counseling provided and whether it is mandatory or voluntary. We used these variations as the basis for defining three models that range from a highly structured approach to a true voucher approach. The approach in the middle of this range is intended to broadly represent what most sites are doing on their own, while the other two approaches are designed to be more or less structured than what most sites are doing.

The basic features of the three ITA approaches to be tested are summarized in Table 1. These features include the overall philosophy of the approach, the structure of the ITA, the counseling activities required for participants, and the role counselors play in helping customers formulate their training decisions.

1. Approach 1: Structured Customer Choice

Approach 1 is the most directive of the three approaches to be tested. In this approach, counselors will play a central role by directing customers and scarce WIA resources to training programs expected to yield a high return--that is, programs through which earnings on the new job will be high relative to the investment in training. Customers assigned to Approach 1 will be guided through a calculation of the benefits and costs of appropriate training options and directed toward options that offer the greatest expected returns. Moreover, counselors will reject training selections not consistent with this approach.

TABLE 1

SUMMARY OF THE INDIVIDUAL TRAINING ACCOUNT APPROACHES

Approach 1: Structured Customer Choice	Approach 2: Guided Customer Choice	Approach 3: Maximum Customer Choice
Approach Philosophy		
Maximize return on local WIA training investments	Balance customer choice and counselor guidance	Maximize customer choice and flexibility over training decisions
ITA Structure		
ITA amounts are "customized" to the individual subject to an upper limit, or "cap"	Customers receive a fixed ITA amount that is much lower than the Approach 1 cap	Same as Approach 2
Only counselors are aware of the cap on ITA expenditures	Both customers and counselors are aware of the fixed ITA amount prior to choosing a training provider	Same as Approach 2
ITAs cover direct training costs and other training-related expenses	Same as Approach 1	Same as Approach 1
Required Counseling Activities		
After ITA orientation, customers must participate in weekly counseling sessions covering: - high-return training - high wage occupations in demand - training options in customer's selected occupation - returns-to-training for prospective programs - feasibility of customer's training selection	After ITA orientation, customers must participate in weekly counseling sessions covering: - training options in customer's selected occupation - feasibility of customer's training selection	After ITA orientation, customers are not required to participate in any additional activities, but counseling if available if requested
Counselors' Role		
Direct customers to training selections on the state Eligible Training Provider list that maximize return on investment	Guide customers to appropriate training strategies	Available as a resource to customers as they formulate a program selection
Approve only *recommended* programs after customers complete the required counseling activities	Approve customer's choice if: - customer has completed the required counseling activities - selection is covered in state list of eligible providers - selection appears feasible with ITA and other available resources	Approve customer's choice if: - selection is covered in state list of eligible providers

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Once appropriate training has been chosen, customers will receive an ITA to cover the costs of training. Therefore, the amount of the ITA is considered to be "customized" to the individual based on the training program approved by the counselor. More specifically, the value of the ITA will equal the cost of the approved training program minus any support available from other sources, subject to a local ceiling or "cap" on ITA expenditures. With guidance from the evaluation team, the sites participating in the ITA Experiment will set this cap high enough to cover even high-cost programs on the state's Eligible Training Provider (ETP) list. Only counselors will know the cap; customers will not be provided with this information but will be informed about the amount of their own ITA. Since the ITA is set according to the cost of training under Approach 1, most customers assigned to this approach will not spend up to the cap.

To help customers identify appropriate training, local staff will guide customers through a sequence of training-related counseling activities. These activities have been designed to help local staff identify high-return training strategies and determine the appropriate ITA amount. Staff will use a guidebook and worksheets, which will be provided by MPR, to guide customers to high-return training. Customers must complete the required counseling activities to receive approval for their training selections. Approval will be based on three conditions: (1) the selected program is on the state-approved list of eligible training providers, (2) the customer is expected to be able to complete the training, and (3) the selected program is expected to enable the customer to become employed in an occupation with high earnings relative to the resources being invested. While counselors will not be able to require a particular training program for a customer, they will have the authority to reject a customer's training selection if it does not meet any one of these three conditions. In this way, counselors will have a fairly high degree of control in directing customers to training programs that promise high returns on investment.

2. Approach 2: Guided Customer Choice

Approach 2 is designed to broadly represent the approach that most localities are adopting as they make the transition to the new WIA training environment.[4] Local counselors will play an important but less directive role in Approach 2 than in Approach 1. Their objective will be to ensure that customers make informed training decisions, taking into account the advantages and disadvantages of alternative providers. For this objective to be achieved, Approach 2 customers, like Approach 1 customers, will be required to participate in structured counseling activities. In contrast to Approach 1, Approach 2 will not require accounting exercises through which counselors and customers explicitly weigh the benefits of different training selections against the costs, although this service will still be available if desired. MPR will provide tools to support counseling activities under Approach 2.

Counselors will recommend appropriate, modest-cost programs to ensure that customers reserve ITA funds for anticipated training-related needs (such as books or other training supplies) and to allow the locality to reserve WIA funds in order to serve more training customers. However, customers will have final control over their selections. Once customers have selected their training, local staff must approve the selected training as long as (1) the customer has satisfied the approach's counseling requirements and (2) the selected program is covered in the state's list of eligible providers and appears feasible, given the amount of the ITA and other available resources.

Under Approach 2, the ITA has the same "fixed" value for all customers. Because customers can choose any feasible, state-approved program, counselors cannot customize the ITA amount to each individual as in Approach 1. The fixed ITA amount will be significantly lower than the cap under Approach 1, and customers will be made aware of this amount before choosing a training provider.

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[4]This expectation was generally confirmed by findings from the evaluation of the ITA/ETP demonstration (D'Amico et al., March 2001).

Since counselors will recommend appropriate low-cost training, some customers will not spend the full amount of their ITA, and ITA expenditures will therefore differ across Approach 2 customers.

3. Approach 3: Maximum Customer Choice

Approach 3 is the most flexible of the ITA approaches. It is intended to represent a true voucher program, where customers are free to spend resources on any state-approved training program and on related expenses approved by their local counselors. Like Approach 2 customers, Approach 3 customers will be informed of the fixed ITA amount available to them prior to selecting a training program and will have final authority over their training choices.

Unlike Approach 2 customers, however, Approach 3 customers will be able to pursue the training of their choice without any further interaction with local staff once they have participated in orientation. Customers in this approach have maximum choice because counselors can reject training choices only if the provider is not included in the state's list of eligible training providers. Participation in counseling services will *not* be mandatory for Approach 3 customers, and failure to participate will not restrict their access to ITA funds. However, Approach 3 customers can still receive counseling or other assistance from local staff to help them select training if they choose.

C. CONSIDERATIONS IN CHOOSING THE ITA APPROACHES

Three related considerations were important in choosing the approaches to be evaluated as part of the ITA Experiment. First, the approaches should be policy relevant and useful to sites implementing WIA. Second, they should be distinct enough so that each represents a fundamentally different way of allocating WIA training funds and managing customer choice through ITAs. Third, they should have the potential to lead to different outcomes, including different training choices, earnings, returns on investment, and customer satisfaction.

1. The ITA Approaches Are Policy Relevant

The ITA Experiment has been designed to test the most policy-relevant variations in the provision of ITAs. First, the approaches reflect the program flexibility that is built into the WIA regulations. For example, the WIA regulations (Section 663.420) mention two broad methods for setting the amount of the ITA:

1. There may be a [dollar] limit for an individual participant that is based on the needs identified in the IEP.
2. There may be a policy decision by the State Board or Local Board to establish a range of amounts and/or a maximum amount applicable to all ITAs.

Approach 1 represents a version of the first option for setting the ITA amount: each customer will be offered a different amount based on his or her needs. In contrast, Approach 3 represents the second option: each customer will have access to the same ITA resources. Approach 2 represents a mixture of the two approaches: as in Approach 1, counselors help customers decide on the appropriate training, but as in Approach 3, these choices are subject to a maximum amount that applies to all ITAs.

Second, the experiment's design is consistent with feedback we received from program administrators and staff during our visits to local sites. Approach 2 is specified to be similar to the typical training voucher programs that we observed. However, the other two approaches are intended to push beyond what we saw in the field to promote innovation. Approach 1 is more explicitly focused on high-return training and more prescriptive than any program we visited. At the other end of the spectrum, Approach 3 provides greater customer choice than any voucher program we visited. When asked which approaches they would like to see tested, administrators described programs similar to Approach 1 or Approach 3. Administrators and local staff were interested in Approach 1, with its highly prescriptive approach, because it would demonstrate the effect of giving

local counselors substantial control over training choices. At the same time, administrators were curious about Approach 3 because they felt it would provide the greatest possible customer choice and could therefore be very appealing to customers. However, administrators were reluctant to implement the approach on their own because of the uncertain implications for local performance.

3. The ITA Approaches Are Very Different

The experiment's ITA approaches are designed to vary as much as possible along meaningful dimensions. Thus, they represent fundamentally different approaches to (1) the allocation of limited WIA training resources and (2) balancing customer choice and counselor guidance. The ITA approaches are highly distinct in three ways:

1. ***Differences in the Maximum Amount of ITA Funds Available to Each Individual.*** The caps on ITA expenditures under Approach 1 will be high (probably up to $7,000 or $8,000, depending on the costs of approved local training programs). Training options that lead to high earnings and to a high return on the investment in training can be funded under Approach 1 even if the training is relatively expensive. Under Approaches 2 and 3, the fixed ITA amounts will be much lower (probably around $2,500 to $3,500, depending on the site's training budget) and is automatically available to every ITA participant. We expect this constraint to be binding--that is, a significant number of customers assigned to Approaches 2 or 3 would choose higher-cost training if a larger ITA were available.

2. ***Differences in the Information and Guidance Provided by the Counselors.*** Significant differences exist in both the amount and type of information and guidance provided by counselors. Under Approach 1, customers will be *required* to participate in weekly counseling sessions that include specific activities to explore high-return training options. One such activity will be for the customer to work with the counselor to conduct an explicit analysis of the return on investment for each appropriate training option. Under Approach 2, customers will also be required to participate in weekly counseling sessions but will not be required to conduct an explicit return-on-investment analysis of training options. Under Approach 3, customers will be required only to attend a short orientation meeting; they may choose not to speak with their counselors at all after this meeting. We expect that customers will typically receive between 6 and 12 hours of counseling under Approach 1; between 3 and 4 hours of counseling under Approach 2; and only 1 or 2 hours of counseling under Approach 3.

3. ***Differences in the Counselor's Involvement in the Training Decision.*** The counselor's recommendations for training are binding in Approach 1; customers will not receive ITA funds to pay for other training options with lower expected returns. For this reason, we

expect that the returns to training for the people who receive ITA funds to be highest under Approach 1, but that a higher proportion of people will receive no ITA funds for training. In contrast, under Approach 3, the customer can choose any training option that is on the state provider list, even if the counselor views the training as inappropriate. Under Approach 2, the counselor can recommend low-cost training options but the recommendations are not binding; the customer can choose any training option as long as it can be covered by the fixed ITA amount and other funding, is on the state provider list, and the counselor determines that the customer is able to complete the program.

3. The ITA Approaches Are Likely to Lead to Different Outcomes

Given the differences in the three ITA approaches, we expect the following types of outcomes to vary across the approaches: (1) training outcomes, (2) employment and earnings, (3) the return to the investment, and (4) customer satisfaction.

Different Training Outcomes. We expect that the largest impacts of the approaches will be seen in different training outcomes. Such outcomes could vary across the approaches in three important ways:

1. ***Differences in the Types of Training Programs Chosen***. The types of training programs chosen are likely to differ significantly across approaches depending on whether there is a binding cap on training costs, on whether the counselor directs the customer to high-return training, and on whether counseling is mandatory. We expect a significant proportion of customers under Approach 1 to choose higher cost training programs that could not be chosen under Approaches 2 and 3, which impose a modest cap on expenditures. The types of training programs chosen may also differ under Approaches 2 and 3 because customers assigned to Approach 2 will be guided by counselors, while customers assigned to Approach 3 have unrestricted choice and little required guidance.

2. ***Differences in the Proportion of Customers Who Participate in Training***. We expect the proportion of customers who participate in training to increase with the degree of customer choice. Hence, we expect the proportion of customers who choose to participate in training to be the lowest under Approach 1, where counselors direct customers to a specific set of training options and can reject other choices, and highest under Approach 3, where customers have the most choice.

3. ***Differences in the Training Completion Rate.*** The proportion of customers who complete training is likely to differ across approaches because training programs are likely to differ in how difficult they are to complete. We expect the completion rate to be lowest for customers assigned to Approach 3 because customers under this approach could begin a training program even if they did not have the ability, time, or financial resources to complete it. Such training choices would less likely be funded under Approaches 1 and 2.

Different Earnings Outcomes. We expect that the differences in training choices will lead to differences in earnings across the approaches. We expect that average earnings will be highest under Approach 1 because customers will be steered toward high-return training programs which, on average, should also lead to high earnings.

Different Rates of Return. The different approaches are expected to generate different rates of return on the investment in training and counseling made under each approach. If the costs of training and counseling are similar across the approaches, the differences in rates of return across approaches will be closely tied to the earnings differences. In this case, we expect that the approaches that lead to better training choices will generate both higher earnings and higher rates of return. However, if the costs of training and counseling differ across the approaches, the rates of return may differ even if earnings are similar.

Different Customer Satisfaction Outcomes. We do not know whether customers will prefer greater choice or greater guidance in their use of ITAs. Limited evidence from the Department of Labor's study of the Career Management Account Demonstration suggests that customer satisfaction may be greater when customers have greater freedom to choose the training program they want. Because each approach offers a different mix of choice and guidance, the ITA Experiment will allow us to examine the issue of customer preferences vis-a-vis choice by comparing customer satisfaction across the three ITA approaches.

D. CONCLUSION

The WIA legislation provides states and locals with considerable flexibility in using ITAs to manage customer choice of training providers. State and local administrators are therefore faced with developing their own ITA approaches to best serve their customers. The ITA Experiment will test three approaches that could be adopted by local Workforce Investment Areas. These approaches differ widely with respect to the involvement of local counselors in the formulation of training decisions and the resources made available to customers to help them access training. The ITA approaches range from a highly prescriptive approach to a true voucher approach. Thus, they span the spectrum of ITA approaches that localities are developing and, at the same time, push beyond emerging approaches to promote innovation in the degree of customer choice.

It is clear from our discussions with state and local administrators that the information provided by the ITA Experiment will be highly valued. States and localities have had limited experience with voucher systems. Consequently, they are reluctant to move forcefully toward developing voucher systems that provide substantial customer choice or, alternatively, restrict customer choice notably without objective evidence of how program performance may be affected. At the same time, ITA approaches offering different degrees of customer choice may lead to very different training selections, employment and earning outcomes, rates of return, and levels of customer satisfaction. Therefore, because some ITA approaches may perform better than others, it is very important that local sites have evidence on the effects of different approaches.

The findings from the ITA Experiment will reveal how different approaches generate different training choices, employment and earnings outcomes, returns on training investments, and customer satisfaction. By rigorously testing three approaches, the ITA Experiment will help establish which approaches work best for customers, for counselors, for Workforce Investment Boards, and for the workforce development system as a whole. Administrators will then be able to use this information

to determine which ITA approach, or combination of approaches, is best suited for their state or local community.

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